

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EA-11 ISO-00 AGR-20 CIAE-00 COME-00

INR-10 LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00

CIEP-02 OMB-01 TAR-02 SS-20 L-03 NSC-10 DRC-01 SSO-00

NSCE-00 INRE-00 /126 W

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O R 221620Z OCT 73

FM KWMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 1276

INFO AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: ETRD, BL

SUBJ: COTTON CONTRACTS

REF: LA PAZ 6327

1. AMB, DCM, ECONOFF MET WITH MININD/COM AND MINAG AT LATTER'S REQUEST AT 10:00 A.M. OCT 22. MININD/COM ASKED AMB FOR HIS VIEW COTTON PROBLEM. AMB REPLIED BY GOING OVER SEQUENCE OF EVENTS IN CHRONOLOGICAL ORDER AS WE UNDERSTOOD THEM, EMPHASIZING THAT (A) ACCORDING OUR INFO L/CS HAD BEEN OPENED ON TIME WITH ONE EXCEPTION WHICH APPEARED BZT COVERED BY ACTUAL SHIPMENTS UNDER LATE L/C AND (B) ADEPA ITSELF HAD WRITTEN TO AMB THAT ITS PRINCIPAL DIFFICULTY IN COMPLYING WITH CONTRACTS WAS GOB DECREES.

2. MININD/COM THEN INVITED SUBSECS, ALSO ATTENDING MEETING, TO RESTATE ADEPA AND GOB VIEWS REPORTED EARLIER (E.G. THAT ADEPA SOLD TO A PANAMANIAN COMPNAY NOT LEGALLY CONSTITUTED AND NOT TO COOK, THAT USG SHOULD NOT BE INVOLVED BECAUSE WAS PANAMIAN FIRM AND BECAUSE CONTRACTS SIGNED IN BOLIVIA UNDER PRIVATE LAW, THAT GOB TOOK ACTION

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TO IMPROVE ITS FISCAL POSITION AS DESIRED BY USG

IN LETTER TO PRESIDENT BANZER. AMB REFUTED EACH OF THESE POINTS, NOTING THAT PANAMANIAN COMPANY WAS WHOLLEY OWNED BY COOK AND LEGALLY CONSTITUTED TO DO BUSINESS, THAT GOB DECREE APPEARED TO FORCE ADJUSTMENT OF CONTRACTS AND THAT WHILE USG HAD DONE MUCH TO TRY TO HELP GOB SOLVE ITS FISCAL PROBLEM AND TO FURTHER DEVELOPMENT OF COUNTRY AND CONTINUED BE INTERESTED IN DOING SO, WE OBVIOUSLY DID NOT INTEND THAT FISCAL PROBLEM BE SOLVED BY FORCED ALTERATION OF CONTRACTS. AMB ALSO UNDERLINED USG POSITION ON "SANCITY OF CONTRACTS".

3. FINALLY, MINAG CUT ACROSS THIS INTERCHANGE BY SUGGESTING THAT GOB TRY TO GET ADEPA TO DISCUSS PROBLEM WITH COOK AND THAT THEN USG TRANSMIT INVITATION TO COOK TO PARTICIPATE IN TALKS WITH ADEPA AND POSSIBLY GOB. AMB ASKED WHETHER GOB WOULD BE WILLING ASK ADEPA TO CEASE NEGOTIATING WITH OTHERS, OR WOULD OTHERWISE STOP NEGOTIATIONS WITH OTHERS, WHILE DISCUSSIONS WITH COOK WERE PROCEEDING. HE ALSO ASKED WHETHER DISCUSSIONS WOULD CONTEMPLATE PROCEEDING WITH SALES TO COOK ON BASIS EXISTING CONTRACTS. MINAG SAID BELIEVED GOB SHOULD SEEK ADEPA COMPLIANCE ON BOTH POINTS AND MININD/COM AGREED TO MAKE EFFORT. MININD/COM THEN SAID THAT WHILE DISCUSSIONS MIGHT PROCEED ON BASIS EXISTING CONTRACTS FOR THIS YEAR HE HOPED THAT FUTURE YEAR CONTRACTS MIGHT ALSO BE DISCUSSED THAT WOULD "TAKE ALL FACTORS INTO ACCOUNT" ON A FAVORABLE BASIS FOR BOLIVIA. HE ALSO SUGGESTED THAT A MEETING AT A TECHNICAL LEVEL BE HELD SOON TO GO OVER CONTRACTS, L/CS AND ACTUAL SHIPMENTS TO ESTABLISH FACTS. HE SAID HE WOULD GO TO SANTA CRUZ ASAP TO DISCUSS MATTER WITH ADEPA AND OBTAIN FULL DOCUMENTATION.

4. ACTION REQUESTED: THAT DEPARTMENT EXPLORE WITH COOK WHETHER WILLING TO PARTICIPATE IN DISCUSSIONS AS INDICATED ABOVE. INFORM WHETHER COOK REPS HAVE ALREADY MET WITH GASSER IN WASHINGTON.
STEDMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 22 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LAPAZ06376
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731018/aaaaandi.tel
Line Count: 99
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LA PAZ 6327
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 16 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Jan-2002 by martinjw>; APPROVED <05-Feb-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COTTON CONTRACTS
TAGS: ETRD, BL
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005